

SUBJECT: Support for Front-Line Procurement Professionals Forum

TO: All DCMC Associates

The latest meeting of the Front-Line Procurement Professionals Forum was held on November 6, in Washington D.C. The major topic of this meeting was to review, discuss and comment on the proposed changes in training of the civilian workforce, performance based contracting, and source selection in the context of the FAR 15 rewrite.

The civilian workforce training has become a hot topic with the down sizing of the federal employment workforce. The defense agencies primarily use the Defense Acquisition University (DAU) course study training program. However, the civilian agencies generally use the Office of Personnel (OPM) course study training . There is a great deal of disagreement regarding comparability of respective courses. With the movement of federal employees between both defense and civilian agencies brought on by federal employment down sizing, the comparability problem is growing. In order to build a bridge to the past, regulations must change from micro management to employee empowerment, to a policy that ensures that people have the ability to make good decisions. There needs to be provisions to allow consideration for compatibility of past training (grandfather in similar courses). The Workforce Improvement Act of 1992 raised the promotion requirements through mandatory training. The Federal Acquisition Act now in process sets qualifications across the government for senior level promotion. However, DAU and OPM do not agree on professional career field requirements. There are efforts toward a consolidation of the course structure and content, but OPM appears to be unwilling to come to any agreement.

The question of what is an appropriate measure to use to determine the work being done, was the next topic discussed. Many things came up such as system goals, standards or outcome metrics. What should be used as a gage? Using "the number of actions" doesn't usually come to a good outcome because of none productive but necessary work that can not be easily measured. Performance Metrics must measure both process and outcome. Most jobs are a series of measurable and unmeasurable tasks. Metrics performance measures are designed to motivate behavior which will lead to continuos process improvement. To do this, Metrics are the used to measure what is being done in terms of timeliness, cost, and quality of output. Much discussion evolved around the questions of "what is productivity as related to procurement in the government?" and "what is the performance incentive to reach a goal?" Top management set the standards such as timeliness and quality of output in order to determine and control costs. Many other

questions were brought up in the discussions. How do you reward people for doing their job? What about priority conflicts? All of these questions appear to be as unsettled at the highest levels of government as they are at our levels.

The government contracts for many services from the commercial market place. Most of these contracts are performance based cost reimbursable contracts. Performance based contracting relates to how policy is being implemented at the working level. Performance based commercial service contracting, or "blue collar services," can be performance based by making a specific outcome such as cleaning, repairing, or other services, mandatory. The implementation should be based on the contractor's knowledge and ability to do the job rather than the work being dictated by voluminous government regulations. Performance based service contracts can then move from reimbursement contracts to fixed price contracts by removing the regulations and specifications and allowing contractor's people to do the job without the detailed government oversight. Commercial service is by statute not labor hour fixed price, but based on the job. The award of commercial services performance contracts is based on a competitive commercial contractor's past performance, technical capability, and cost proposal and make it a "best value" for the taxpayer.

New areas in professional services such as ADP and aircraft maintenance are being considered as performance based fixed price contracts. One difficult problem is to get government technical people to accept fixed priced contracting, because of the direct effect on the performance and design specifications they write in the Statements Of Work (SOW) of the current service contracts. Moving to performance based SOWs will involve some high risk areas that can not be well defined, and may need to be excluded from the fixed price portion of the contract. The contracts can be broken into discreet work packages for greater detailed specifications and priced accordingly (other than fixed price). However, where there is a definite and definable outcome, a fixed priced method should be used. This will lead to more innovative contracting arrangements.

This fits very well with helping to economize government and downsizing the workforce. However, this transition does not come easily. Government middle management is resisting it. This is a real culture change that will be a culture shock for management as well as others. Their ranks will also be effected and reduced by the impending changes. Fixed price contracts require fewer people to manage because they are results oriented rather than detail oriented. It requires a greater knowledge of the market place. More responsibility is placed on the

contractor to do the job without government detailed direction. It is a difficult transition from a supervisory to a management position in government commercial contracting.

Much of government procurement involves the purchase of commercial services and items. For this reason, contract format is under going improvement. The rewritten language is more instructive rather than directive. The contract will have 6 sections rather than the current 11, and allow the contracting officer greater discretionary latitude in selecting the applicable procurement contract sections. The intent is to reduce inconsistencies and clean up redundancies in contracts.

The discussions moved on to the FAR rewrite of Part 15, source selection and preaward discussions of competitive range. In proposal evaluations, the question of how much discussion is necessary with those contractors that are clearly out side the competitive range, is necessary, and avoid protests? The current FAR says that "competitive range shall be determined on the basis of cost and price ...proposals that have a reasonable chance ...for award." The forum would like to see the word "greatest likelihood of award" instead of "reasonable chance". Most contractors prefer to be excluded early in the process if they are not likely to get the award. In some of the Reinvention Labs, early exclusion of contractors out side the competitive range has not lead to many protests. Trust in the contracting officer's evaluation is thought to be the basic factor, along with open communications with the contractors. The early feed back helps the contractor reduce the bid and proposal costs and learn how to make a more successful proposal next time. More formal and detailed discussions may be delayed until after contract .

After open communications with all contractors is completed, a best and final offer is requested from only those contractors considered to be in the competitive range. Because of extensive amount of time it takes to evaluate the cost proposals, a common cut off time is considered to be the most practical method for submitting a final offer. Most contracting officers would like to limit the competitive range to the three or four contractors that appear most likely for award. The FAR rewrite, Part 15 is oriented toward allowing more of the contracting officer's "good judgment." The process is to first identify those contractors that have the greatest likelihood of award; move to discussions; request a final offers, and end in negotiations and award. These streamlined procedures are designed to reduce the administrative burden of government contracts, and reduce the cost of bid and proposals to the contractors.

The discussion was very detailed at times and provided the FAR Rewrite Team with some of the concerns and problems that the contracting officers encounter in their jobs. The main emphasis that the forum would like in the new

FAR is to allow greater contracting officer's judgment and business decisions. The team commented that the discussions were very helpful in their task of rewriting the FAR. I would like to solicit suggestions of FAR changes/improvement from DCMC associates that may be brought to the attention of the forum and the FAR Rewrite Team. I am sure that there are many concerns, comments and suggestions regarding possible FAR and other regulatory changes and improvements that you would like discussed. Please, let me hear from you. You can contact me at 410-339-4770, DSN 444-4770, Fax 410-339-4965, or via email at **etillman@dcmds.dla.mil** Please forward any correspondence to:

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